

**SIGURD TOWN**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

## **C O N T E N T S**

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Honorable Mayor and Town Council  
Sigurd Town  
Sigurd, Utah 84657

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sigurd Town as of and for the year ended June 30, 2006, which collectively comprise Sigurd Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Sigurd Town.

A review consists principally of inquiries of Town personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management discussion and analysis and budgetary comparison information on pages 4 through 13 and 41 through 43, are not a required part of the basic financial statements but are supplementary information required by the Governmental accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Respectfully submitted,



KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

August 1, 2006  
Richfield, Utah

## **SIGURD TOWN MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion of Sigurd Town's financial performance provided an overview of the Town's financial activities for the year ending June 30, 2006. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, public safety, health and welfare, sanitation, streets, park, recreation and public property.

### **Financial Highlights**

- \* The assets of Sigurd Town exceeded its liabilities as of the close of the most recent year by \$677,642 (net assets). Of this amount, \$226,435 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- \* The government's total net assets increased by \$32,460. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- \* At the close of the current year, Sigurd Town's governmental funds reported ending fund balances of \$162,594, a decrease of \$37,219 in comparison with the prior year. Approximately 55 percent of this total amount, \$89,445 is available for spending at the government's discretion (unreserved fund balance).
- \* At the end of the current year, unreserved fund balance for the general fund was \$89,445, or 117 percent of total general fund expenditures.
- \* Sigurd Town's total debt decreased by \$10,069 during the current year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Sigurd Town's basic financial statements. Sigurd Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of Sigurd Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of Sigurd Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Sigurd Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Sigurd Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Sigurd Town include general government, public safety, health and welfare, highways and public improvements, parks and recreation and interest on debt. The business-type activity of Sigurd Town is the water fund.

Refer to the table of contents for the location of the government-wide financial statements.

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Sigurd Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Sigurd Town can be divided into two categories: governmental funds and enterprise funds.

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Sigurd Town adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Refer to the table of contents for the location of the basic governmental fund financial statements.

### **Proprietary Funds**

Sigurd Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Sigurd Town uses an enterprise fund to account for its culinary water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund, which is considered to be a major fund of Sigurd Town.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

## **Notes To The Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Sigurd Town.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sigurd Town, assets exceeded liabilities by \$677,642 at the close of the most recent fiscal year.

By far the largest portion of Sigurd Town's net assets (50 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. Sigurd Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Sigurd Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Sigurd Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	166,058	203,558	162,866	132,282	328,924	335,840
Capital Assets	474,704	436,650	94,704	103,495	569,408	540,145
Total Assets	640,762	640,208	257,570	235,777	898,332	875,985
Long-Term Liabilities	97,301	103,895	92,987	101,955	190,288	205,850
Other Liabilities	10,058	5,263	20,344	19,690	30,402	24,953
Total Liabilities	107,359	109,158	113,331	121,645	220,690	230,803
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	370,809	331,235	(7,251)	(8,396)	363,558	322,839
Restricted	73,149	67,658	14,500	14,500	87,649	82,158
Unrestricted	89,445	132,157	136,990	108,028	226,435	240,185
Total Net Assets	533,403	531,050	144,239	114,132	677,642	645,182

A portion of Sigurd Town's net assets (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$226,435) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Sigurd Town is able to report positive balances in all three categories of net assets, for the government as a whole. The business-type activities had a negative investment in capital assets of \$7,251. The other categories had positive balances.

**Governmental Activities**

Governmental activities increased Sigurd Town's net assets by \$2,353. Key elements of this increase follows:

**Sigurd Town's Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	13,749	14,624	66,937	42,925	80,686	57,549
Operating Grants	20,069	19,851				19,851
Capital Grants	-	152,500	-	-	-	152,500
General Revenues:						
Property Taxes	15,529	14,964	-	-	15,529	14,964
Other Taxes	42,755	37,469	-	-	42,755	37,469
Unrestricted Investment						
Earnings	5,223	4,445	4,479	2,614	9,702	7,059
Other	2,094	958	-	3,160	2,094	-
Total Revenues	99,419	244,811	71,416	48,699	150,766	289,392
Expenses:						
General Government	42,820	41,910	-	-	42,820	41,910
Public Safety	13,482	9,707	-	-	13,482	9,707
Public Health	11,620	11,617	-	-	11,620	11,617
Highways and Public						
Improvements	22,027	32,711	-	-	22,027	32,711
Parks and Recreation	6,852	7,050	-	-	6,852	7,050
Interest on Long-Term Debt	265	336	4,745	4,747	5,010	5,083
Water Fund	-	-	36,564	59,320	36,564	59,320
Total Expenses	97,066	103,331	41,309	64,067	138,375	167,398
Increase in Net Assets						
Before Transfers	2,353	141,480	30,107	(15,368)	12,391	121,994
Transfers	-	-	-	-	-	-
Increase in Net Assets	2,353	141,480	30,107	(15,368)	12,391	121,994
Net Assets - Beginning	531,050	389,570	114,132	129,500	645,182	519,070
Net Assets - Ending	533,403	531,050	144,239	114,132	677,642	645,182

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

## **Business-Type Activities**

Business-type activities increased Sigurd Town's net assets by \$30,107.

## **Financial Analysis of the Government's Funds**

As noted earlier, Sigurd Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of Sigurd Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing Sigurd Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

The general fund is the chief operating fund of Sigurd Town. At the end of the current year, unreserved fund balance of the general fund was \$89,445, while total fund balance reached \$143,539. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 117 percent of total general fund expenditures, while total fund balance represents 188 percent of that same amount.

### **Proprietary Funds**

Sigurd Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the Water Fund at the end of the year is \$136,990. Other factors concerning the finances of this fund has already been addressed in the discussion of Sigurd Town's business type activities.

### **General Fund Budgetary Highlights**

There were no differences between the original budget and the final amended budget.

Budgeted revenues were more than actual revenues by \$19,899, and actual expenditures were less than budgeted revenues by \$39,450, resulting in an increase in the fund balance of \$19,551.

## **Capital Asset and Debt Administration**

### **Capital Assets**

Sigurd Town's investment in capital assets for its governmental activities as of June 30, 2006, were \$474,704 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads.



**Sigurd Town's Capital Assets**  
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	29,595	29,595	-	-	29,595	29,595
Water Rights	-	-	47,850	47,850	47,850	47,850
Buildings	388,305	142,654	13,519	14,542	401,824	157,196
Improvements Other than Buildings	17,116	18,672	6,457	6,963	23,573	25,635
Equipment	18,780	28,170	26,878	34,140	45,658	62,310
Construction In Progress	-	195,344	-	-	-	195,344
Infrastructure	20,908	22,215	-	-	20,908	22,215
<b>Total</b>	<b>474,704</b>	<b>436,650</b>	<b>94,704</b>	<b>103,495</b>	<b>569,408</b>	<b>540,145</b>

Additional information on Sigurd Town's capital assets can be found in the notes to the financial statements.

**Long -Term Debt**

At June 30, 2006 and 2005, Sigurd Town had total bonded debt outstanding of \$192,399 and 201,778 respectively. The debt represents bonds secured solely by specified revenue sources and general obligation bonds secured by the general revenues of the Town.

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	-	-	18,217	19,014	18,217	19,014
Revenue Bonds	100,000	105,415	74,182	77,349	174,182	182,764
<b>Total Bonds</b>	<b>100,000</b>	<b>105,415</b>	<b>92,399</b>	<b>96,363</b>	<b>192,399</b>	<b>201,778</b>

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The current debt limitation for Sigurd Town is approximately \$1,800,000. At year end Sigurd Town had \$18,217 of general obligation debt outstanding.

Additional information on Sigurd Town's long-term debt can be found in the notes of the financial statements.

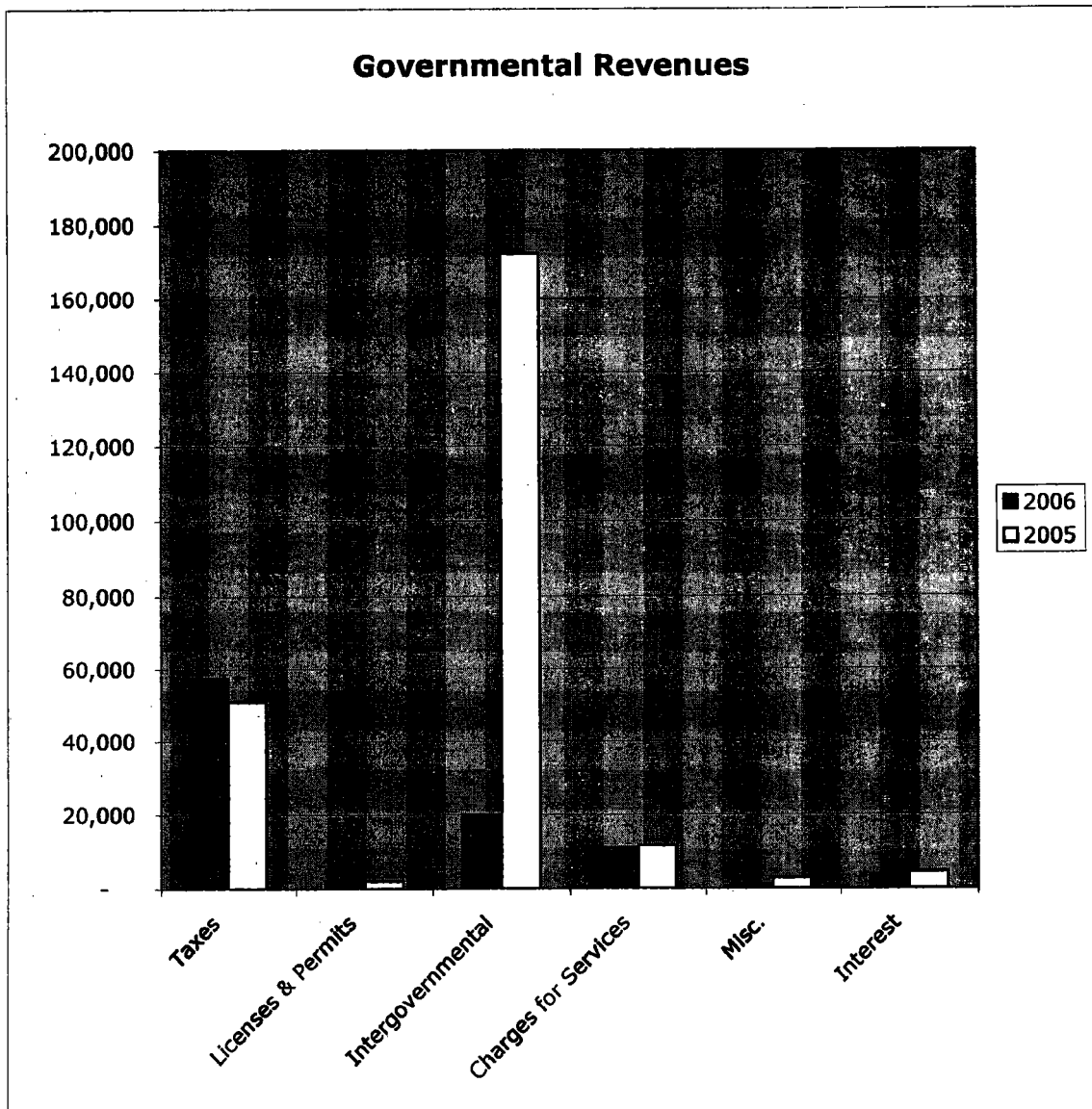
All of these factors were considered in preparing Sigurd Town's budget for 2007 fiscal year.

**Request for Information**

This financial report is designed to provide a general overview of Sigurd Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sigurd Town Clerk, P.O. Box 570064, Sigurd, UT 84657.

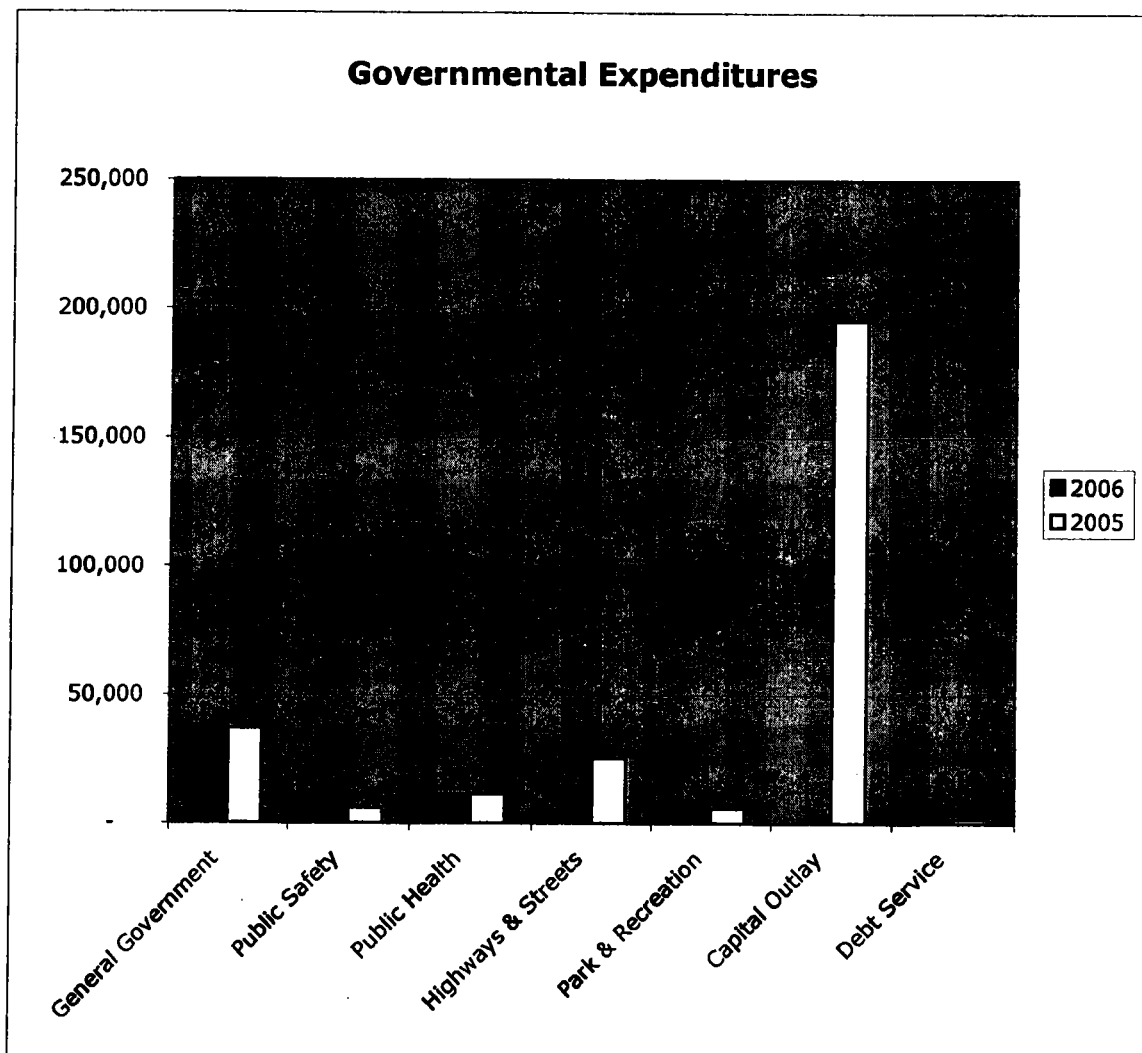
**Sigurd Town**  
**Governmental Revenues**  
**For The Fiscal Years Ending June 30, 2006 and 2005**

	2006	2005
Taxes	57,534	51,041
Licenses & Permits	2,098	2,238
Intergovernmental	20,069	172,351
Charges for Services	11,124	11,740
Misc.	1,280	2,996
Interest	3,736	4,445
<b>Total Revenues</b>	<b>95,841</b>	<b>244,811</b>



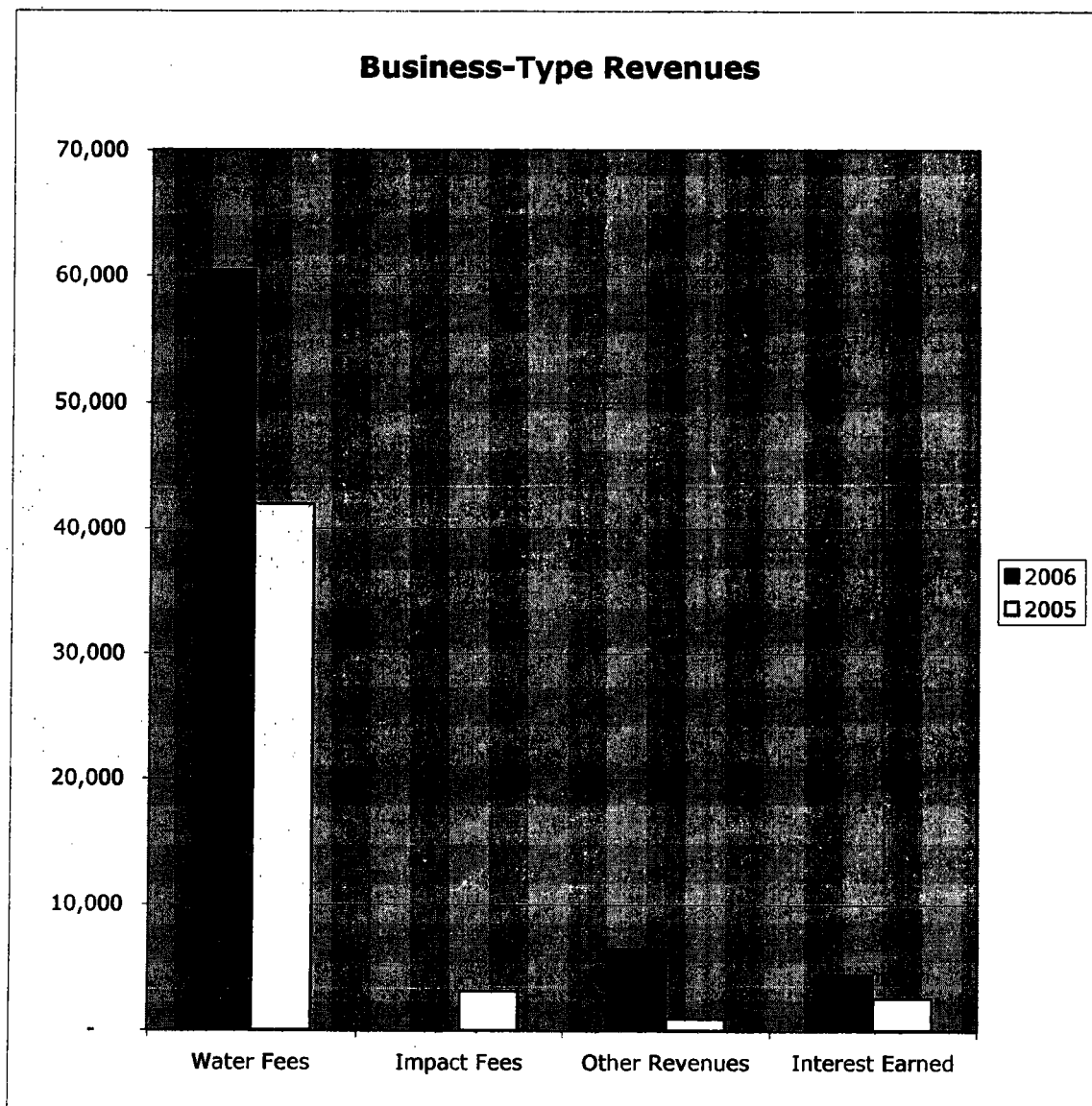
**Sigurd Town**  
**Governmental Expenditures**  
**For The Fiscal Years Ending June 30, 2006 and 2005**

	2006	2005
General Government	38,304	37,025
Public Safety	4,285	6,037
Public Health	11,620	11,617
Highways & Streets	15,000	25,684
Park & Recreation	5,296	5,893
Capital Outlay	-	195,344
Debt Service	1,785	1,785
<b>Total Expenditures</b>	<b>76,290</b>	<b>283,385</b>



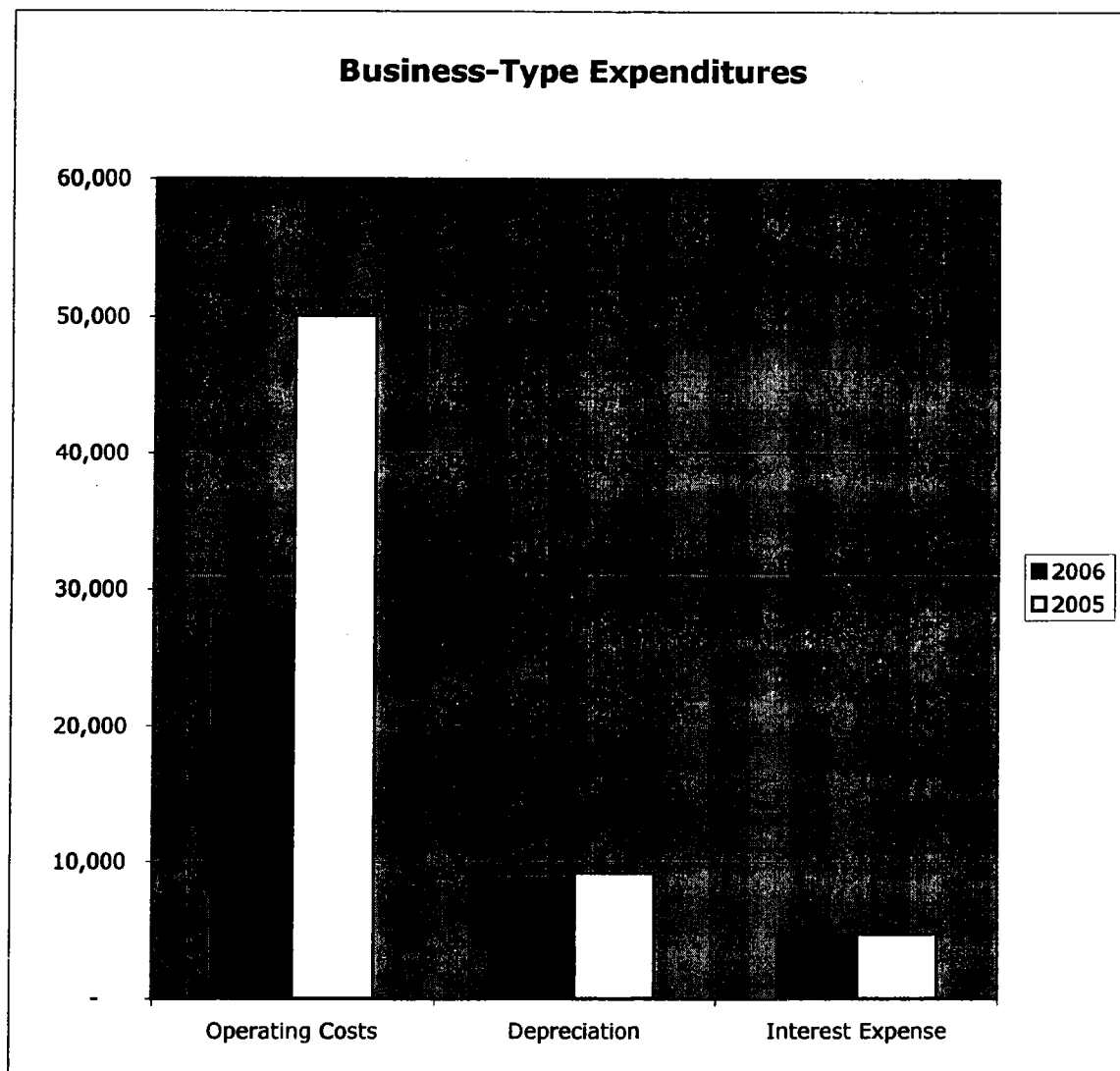
**Sigurd Town**  
**Business-Type Revenues**  
**For The Fiscal Years Ending June 30, 2006 and 2005**

	2006	2005
Water Fees	60,433	41,943
Impact Fees	-	3,160
Other Revenues	6,504	982
Interest Earned	4,479	2,614
<b>Total Revenues</b>	<b>71,416</b>	<b>48,699</b>



**Sigurd Town**  
**Business Type Expenditures**  
**For The Fiscal Years Ending June 30, 2006 and 2005**

	2006	2005
Operating Costs	27,774	50,094
Depreciation	8,790	9,226
Interest Expense	4,745	4,747
<b>Total Expenditures</b>	<b>41,309</b>	<b>64,067</b>



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# **BASIC FINANCIAL STATEMENTS**

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**SIGURD TOWN  
STATEMENT OF NET ASSETS**

June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	166,058	139,755	305,813
Accounts Receivable (Net)	-	8,611	8,611
Total Current Assets	166,058	148,366	314,424
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	14,500	14,500
Capital Assets (Net of Accumulated Depreciation):			
Land	29,595	-	29,595
Water Rights	-	47,850	47,850
Buildings	388,305	13,519	401,824
Improvements Other Than Buildings	17,116	6,457	23,573
Equipment	18,780	26,878	45,658
Infrastructure	20,908	-	20,908
Total Noncurrent Assets	474,704	109,204	583,908
TOTAL ASSETS	640,762	257,570	898,332
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	3,464	757	4,221
Customer Deposits	-	9,278	9,278
Bond Interest Payable	-	1,341	1,341
Notes Payable - Due Within One Year	1,594	-	1,594
G. O. Bonds Payable - Due Within One Year	-	836	836
Revenue Bonds Payable - Due Within One Year	5,000	3,329	8,329
Lease Obligation Payable - Due Within One Year	-	4,803	4,803
Total Current Liabilities	10,058	20,344	30,402
Noncurrent Liabilities:			
Notes Payable - More Than One Year	2,301	-	2,301
G. O. Bonds Payable - More Than One Year	-	17,381	17,381
Revenue Bonds Payable - More Than One Year	95,000	70,853	165,853
Lease Obligation Payable - More Than One Year	-	4,753	4,753
Total Noncurrent Liabilities	97,301	92,987	190,288
TOTAL LIABILITIES	107,359	113,331	220,690
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Debt	370,809	(7,251)	363,558
Restricted For:			
Bond Retirement	-	14,500	14,500
Class C Road	51,000	-	51,000
Impact Fees	3,094	-	3,094
Perpetual Care	19,055	-	19,055
Unrestricted	89,445	136,990	226,435
TOTAL NET ASSETS	533,403	144,239	677,642
TOTAL LIABILITIES AND NET ASSETS	640,762	257,570	898,332

See accompanying notes and accountant's report.



# SIGURD TOWN STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2006

Function/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
	Expenses	Charges for Operating Grants/Capital Grants/Contributions		Primary Government	
		Services	Contributions	Governmental Activities	Business-Type Activities
Function/Programs Primary Government:					
Governmental Activities:					
General Government	42,820	2,625	-	(40,195)	(40,195)
Public Safety	13,482	-	761	(12,721)	(12,721)
Health and Public Welfare	11,620	9,896	-	(1,724)	(1,724)
Highways and Public Improvements	22,027	-	19,308	(2,719)	(2,719)
Park and Recreation	6,852	1,228	-	(5,624)	(5,624)
Interest on Long-Term Debt	265	-	-	(265)	(4,745)
Total Governmental Activities	97,066	13,749	20,069	(63,248)	(67,993)
Business-Type Activities:					
Water Fund	36,564	66,937	-	-	30,373
Total Primary Government	133,630	80,686	20,069	(63,248)	(37,620)
General Revenues:					
Property Taxes				15,529	15,529
Fee-In-Lieu of Property Taxes				3,261	3,261
Impact Fees				750	750
Sales Taxes				38,744	38,744
Perpetual Care				2,094	2,094
Unrestricted Investment Earnings				5,223	4,479
Total General Revenues and Transfers				65,601	4,479
Change in Net Assets					
				2,353	30,107
Net Assets - Beginning				531,050	114,132
Net Assets - Ending				533,403	144,239
					677,642

See accompanying notes and accountant's report.

**SIGURD TOWN  
BALANCE SHEET  
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	General Fund	Capital Improvement Fund	Non-Major Perpetual Care Permanent Fund	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	<u>147,003</u>	<u>-</u>	<u>19,055</u>	<u>166,058</u>
<b>TOTAL ASSETS</b>	<u><u>147,003</u></u>	<u><u>-</u></u>	<u><u>19,055</u></u>	<u><u>166,058</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	<u>3,464</u>	<u>-</u>	<u>-</u>	<u>3,464</u>
<b>Total Liabilities</b>	<u><u>3,464</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,464</u></u>
<b>Fund Balances:</b>				
Reserved For:				
Class "C" Road	51,000	-	-	51,000
Impact Fees	3,094	-	-	3,094
Perpetual Care	-	-	19,055	19,055
Unreserved, Reported In:				
General Fund	<u>89,445</u>	<u>-</u>	<u>-</u>	<u>89,445</u>
<b>Total Fund Balance</b>	<u><u>143,539</u></u>	<u><u>-</u></u>	<u><u>19,055</u></u>	<u><u>162,594</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>147,003</u></u>	<u><u>-</u></u>	<u><u>19,055</u></u>	<u><u>166,058</u></u>

See accompanying notes and accountant's report.

**SIGURD TOWN**  
**BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

**June 30, 2006**

Total Fund Balances - Governmental Fund Types	162,594
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	29,595	
Buildings	388,305	
Improvements	17,116	
Equipment	18,780	
Infrastructure	<u>20,908</u>	

Total		474,704
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Revenue Bonds Payable	(100,000)	
Notes Payable	<u>(3,895)</u>	

Total		<u>(103,895)</u>
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Net Assets of Government Activities	<u><u>533,403</u></u>
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**SIGURD TOWN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	General Fund	Capital Improvement Fund	Non-Major Perpetual Care Permanent Fund	Total
<b>Revenues:</b>				
Taxes	57,534	-	-	57,534
Licenses and Permits	2,098	-	-	2,098
Intergovernmental Revenue	20,069	-	-	20,069
Charges for Services	11,124	-	-	11,124
Perpetual Care	-	-	2,094	2,094
Interest	3,736	1,398	89	5,223
Miscellaneous Revenues	1,280	-	-	1,280
<b>Total Revenues</b>	<b>95,841</b>	<b>1,398</b>	<b>2,183</b>	<b>99,422</b>
<b>Expenditures:</b>				
Current:				
General Government	38,304	-	-	38,304
Public Safety	4,285	-	-	4,285
Health and Public Welfare	11,620	-	-	11,620
Highways and Public Improvements	15,000	-	-	15,000
Parks and Recreation	5,296	-	-	5,296
Capital Outlay	-	60,351	-	60,351
Debt Service:				
Principal	1,520	-	-	1,520
Interest	265	-	-	265
<b>Total Expenditures</b>	<b>76,290</b>	<b>60,351</b>	<b>-</b>	<b>136,641</b>
<b>Net Change In Fund Balance</b>	<b>19,551</b>	<b>(58,953)</b>	<b>2,183</b>	<b>(37,219)</b>
<b>Fund Balance - Beginning</b>	<b>123,988</b>	<b>58,953</b>	<b>16,872</b>	<b>199,813</b>
<b>Fund Balance - Ending</b>	<b>143,539</b>	<b>-</b>	<b>19,055</b>	<b>162,594</b>

See accompanying notes and accountant's report.

**SIGURD TOWN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For The Fiscal Year Ended June 30, 2006**

Amounts reported for governmental activities in the statement of activities  
are different because:

Net Changes in Fund Balances - Total Governmental Funds	(37,219)
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Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	60,351	
Depreciation Expense	<u>(22,296)</u>	
 Total		 38,055

The issuance of long-term debt (e.g., bonds, leases) provide current financial  
resources to governmental funds, while the repayment of the principal of  
long-term debt consumes the current financial resources of governmental  
funds. Neither transaction, however, has any effect on net assets. This  
amount is the net effect of these differences in the treatment of long-term  
debt and related items:

Principal Payments on Bonds	1,520
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Some expenses reported in the statement of activities do not require the  
use of current financial resources and, therefore, are not reported as  
expenditures in governmental funds:

Other Expenses	<u>(3)</u>
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Changes In Net Assets of Governmental Activities	<u><u>2,353</u></u>
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**SIGURD TOWN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity Enterprise Fund
	<u>Water Fund</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	139,755
Accounts Receivable	<u>8,611</u>
Total Current Assets	<u>148,366</u>
Noncurrent Assets:	
Investments - Restricted:	
Bond Reserves	14,500
Capital Assets: (Net of Accumulated Depreciation)	
Buildings	13,519
Water Rights	47,850
Improvements Other Than Buildings	6,457
Equipment	<u>26,878</u>
Total Noncurrent Assets	<u>109,204</u>
TOTAL ASSETS	<u><u>257,570</u></u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	757
Customer Deposits	9,278
Bond Interest Payable	1,341
Bonds Payable - Current Portion	<u>8,968</u>
Total Current Liabilities	<u>20,344</u>
Noncurrent Liabilities:	
Bonds Payable - Long-Term Portion	<u>92,987</u>
TOTAL LIABILITIES	<u>113,331</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	(7,251)
Restricted for Bond Reserves	14,500
Unrestricted	<u>136,990</u>
TOTAL NET ASSETS	<u>144,239</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>257,570</u></u>

See accompanying notes and accountant's report.

**SIGURD TOWN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Water Fund</u>
<b>Operating Revenues:</b>	
Charges for Sales and Services:	
Water Fees	<u>60,433</u>
<b>Operating Expenses:</b>	
Costs of Sales and Services	27,774
Depreciation	<u>8,790</u>
Total Operating Expenses	<u>36,564</u>
Operating Income	<u>23,869</u>
<b>Nonoperating Revenues (Expenses):</b>	
Investment Earnings	4,479
Other Revenue (Expense)	6,504
Interest Expense	<u>(4,745)</u>
Total Nonoperating Revenues (Expenses)	<u>6,238</u>
Change in Net Assets	30,107
Total Net Assets - Beginning	<u>114,132</u>
Total Net Assets - Ending	<u><u>144,239</u></u>

See accompanying notes and accountant's report.

**SIGURD TOWN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity Enterprise Fund
	<u>Water Fund</u>
<b>Cash Flows From Operating Activities:</b>	
Receipts From Customers	57,130
Payments to Suppliers	(22,829)
Payments to Employees	(4,709)
	<u>29,592</u>
Net Cash Provided by Operating Activities	
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Principal Paid on Capital Debt	(8,548)
Interest Paid on Capital Debt	(4,745)
	<u>(13,293)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	
<b>Cash Flows from Investing Activities:</b>	
Interest Received	4,479
Proceeds From Capital Lease	5,006
Other Revenues	1,497
	<u>10,982</u>
Net Cash Provided (Used) by Investing Activities	
Net Increase (Decrease) in Cash and Cash Equivalents	27,281
Cash and Cash Equivalents - Beginning	<u>126,974</u>
Cash and Cash Equivalents - Ending	<u><u>154,255</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>	
Operating Income	<u>23,869</u>
Adjustments to Reconcile Operating Income to Net Cash Provided Provided (Used) By Operating Activities:	
Depreciation	8,791
Increase (Decrease) in Operating Assets:	
Accounts Receivable	(3,303)
Accounts Payable	(283)
Accrued Interest Payable	(46)
Accrued Liabilities	564
	<u>5,723</u>
Total Adjustments	
Net Cash Provided (Used) by Operating Activities	<u><u>29,592</u></u>

See accompanying notes and accountant's report.



**SIGURD TOWN**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Sigurd Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2006.

The following is a summary of the more significant policies:

**A. Reporting Entity**

Sigurd Town is a municipal corporation in Sevier County, Utah. It is governed by an elected Mayor and a four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, Sigurd Town, the reporting entity. The Town has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund is the only governmental fund.

**SIGURD TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Sigurd Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Improvement Fund account for the acquisition of fixed assets or construction of major capital improvements not being financed by proprietary or nonexpendable trust funds.

The government also reports the following non-major governmental fund:

The Perpetual Care Permanent Fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

**SIGURD TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Government reports the following Proprietary Funds:

The Water Fund accounts for the activities of the Town's water operation. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for water used. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**SIGURD TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Water System	20 - 40 Years
Buildings	20 Years
Equipment	7 - 10 Years

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

**SIGURD TOWN  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Budgets and Budgetary Accounting:**

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town board on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town board at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Some Towns find themselves with a deficit fund balance in one or more of their funds. The State Auditor has taken the position that a deficit, created by expenditures being made in excess of those budgeted, is an illegally created debit in violation of the Utah Constitution, Section XIV(3). As such, the total illegally created deficit should be budgeted to be made up in the following fiscal year. Deficits arising from emergencies are not illegal and may be retired over 5 years. Maximum in the general funds may not exceed 75% of the total estimated revenue of the general fund.

Once adopted, the budget may be amended by the Town board without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

**G. Property Taxes:**

Property taxes are assessed and collected for the Town by Sevier County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

**SIGURD TOWN  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Town maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed in the combined balance sheet as "Cash and Cash Equivalents".

**Deposits:**

At year-end, the carrying amount of the Town's deposits was \$79,922 and the bank balance was \$83,022. All of the bank balance was covered by federal depository insurance. Utah State statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council.

Cash and investments as of June 30, 2006, consist of the following:

	<u>Fair Value</u>
Demand Deposits	79,922
Investments - PTIF	<u>240,391</u>
<b>Total Cash and Investments</b>	<b><u>320,313</u></b>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	166,058
Business-Type Activities - Unrestricted	139,755
Business-Type Activities - Restricted	<u>14,500</u>
<b>Total Cash and Cash Equivalents</b>	<b><u>320,313</u></b>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

**SIGURD TOWN**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

**Custodial Credit Risk:**

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$0 of the local government's bank balances of \$83,022 were uninsured and uncollateralized.

**Credit Risk:**

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

**SIGURD TOWN  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2006

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2006, the local governments has investments of \$240,391 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

**Interest Rate Risk:**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

**Concentration of Credit Risk:**

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**NOTE 3 - BOND RESERVES**

The Sigurd Town is required to deposit into three reserve funds in connection with bond issues:

1. Water Bond Reserve Fund - \$250 per year to a maximum of \$2,500. Fully Funded.	2,500
2. Water Emergency Repair and Replacement Reserve - \$100 per month to a maximum of \$5,000. Fully Funded.	5,000
3. Reserve Account - \$50 per month to a maximum of \$7,000. Fully Funded.	<u>7,000</u>
Total	<u><u>14,500</u></u>

**NOTE 4 - WATER SHARES**

During the 2000-2001 fiscal year the Town purchased 10 shares of underground water rights for \$47,850. These water rights are shown on the balance sheet at their cost of \$47,850.



**SIGURD TOWN**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	29,595	-	-	29,595
Construction In Progress	<u>195,344</u>	<u>-</u>	<u>195,344</u>	<u>-</u>
 Total Capital Assets Not Being Depreciated	 <u>224,939</u>	 <u>-</u>	 <u>195,344</u>	 <u>29,595</u>
 Capital Assets Being Depreciated:				
Buildings	177,550	255,695	-	433,245
Paved Roads	26,136	-	-	26,136
Improvements Other Than Buildings	31,120	-	-	31,120
Machinery and Equipment	<u>93,900</u>	<u>-</u>	<u>-</u>	<u>93,900</u>
 Total Capital Assets Being Depreciated	 <u>328,706</u>	 <u>255,695</u>	 <u>-</u>	 <u>584,401</u>
 Less Accumulated Depreciation For:				
Buildings	(34,897)	(10,043)	-	(44,940)
Paved Roads	(3,921)	(1,307)	-	(5,228)
Improvements Other Than Buildings	(12,448)	(1,556)	-	(14,004)
Machinery and Equipment	<u>(65,730)</u>	<u>(9,390)</u>	<u>-</u>	<u>(75,120)</u>
 Total Accumulated Depreciation	 <u>(116,996)</u>	 <u>(22,296)</u>	 <u>-</u>	 <u>(139,292)</u>
 Total Capital Assets Being Depreciated (Net)	 <u>211,710</u>	 <u>233,399</u>	 <u>-</u>	 <u>445,109</u>
 Governmental Activities Capital Assets, Net	 <u>436,649</u>	 <u>233,399</u>	 <u>195,344</u>	 <u>474,704</u>

**SIGURD TOWN**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2006

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Underground Water Rights	<u>47,850</u>	<u>-</u>	<u>-</u>	<u>47,850</u>
 Total Capital Assets Not Being Depreciated	<u>47,850</u>	<u>-</u>	<u>-</u>	<u>47,850</u>
 Capital Assets Being Depreciated:				
Buildings	20,433	-	-	20,433
Water System	387,625	-	-	387,625
Improvements Other Than Buildings	108,874	-	-	108,874
Machinery and Equipment	<u>66,261</u>	<u>-</u>	<u>-</u>	<u>66,261</u>
 Total Capital Assets Being Depreciated	<u>583,193</u>	<u>-</u>	<u>-</u>	<u>583,193</u>
 Less Accumulated Depreciation For:				
Buildings	(5,892)	(1,022)	-	(6,914)
Water System	(381,779)	(112)	-	(381,891)
Improvements Other Than Buildings	(107,756)	(395)	-	(108,151)
Equipment	<u>(32,121)</u>	<u>(7,262)</u>	<u>-</u>	<u>(39,383)</u>
 Total Accumulated Depreciation	<u>(527,548)</u>	<u>(8,791)</u>	<u>-</u>	<u>(536,339)</u>
 Total Capital Assets Being Depreciated (Net)	<u>55,645</u>	<u>(8,791)</u>	<u>-</u>	<u>46,854</u>
 Business Type Activities Capital Assets, Net	<u>103,495</u>	<u>(8,791)</u>	<u>-</u>	<u>94,704</u>
 Total Capital Assets	<u>540,144</u>	<u>224,608</u>	<u>195,344</u>	<u>569,408</u>

**SIGURD TOWN**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2006

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	4,516	-	4,516
Public Safety	9,197	-	9,197
Health and Public Welfare	-	8,791	8,791
Highways and Public Improvements	7,027	-	7,027
Parks and Recreation	1,556	-	1,556
	<u>22,296</u>	<u>8,791</u>	<u>31,087</u>
Total Depreciation Expense	<u>22,296</u>	<u>8,791</u>	<u>31,087</u>

**NOTE 6 - LONG-TERM DEBT**

**General Obligation Bonds - Water:**

In 1982, the Town issued a General Obligation Bonds in the amount of \$30,000. The bond requires annual payments with interest at the rate of 5%.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	836	913	1,749
2008	878	871	1,749
2009	922	827	1,749
2010	968	781	1,749
2011	1,017	732	1,749
2012-2016	5,898	2,848	8,746
2017-2021	7,698	1,215	8,913
	<u>18,217</u>	<u>8,187</u>	<u>26,404</u>

**Water Revenue Bond:**

In 1982, the Town issued a Water Revenue Bonds in the amount of \$120,000. The bond requires yearly payments with interest at the rate of 5%.

**SIGURD TOWN  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	3,329	3,631	6,960
2008	3,500	3,460	6,960
2009	3,679	3,281	6,960
2010	3,867	3,093	6,960
2011	4,065	2,895	6,960
2012-2016	23,664	11,136	34,800
2017-2021	30,369	4,431	34,800
2022-2026	1,709	12	1,721
	<u>74,182</u>	<u>31,939</u>	<u>106,121</u>

**2004 Municipal Building Authority Bonds:**

In December of 2004 the Town authorized a \$152,500 grant and a \$100,000 loan to the Municipal Building Authority of Sigurd Town for the construction of a new 3-bay 4,800 square foot fire station. The loan is evidenced by a lease revenue bond to be issued by the issuer and purchased by the Community Impact Board. The terms of the bond require 20 yearly payments of \$5,000 beginning January 1, 2007 with no interest.

The following is a summary of debt service payments to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	5,000	-	5,000
2008	5,000	-	5,000
2009	5,000	-	5,000
2010	5,000	-	5,000
2011	5,000	-	5,000
2012-2016	25,000	-	25,000
2017-2021	25,000	-	25,000
2022-2026	25,000	-	25,000
	<u>100,000</u>	<u>-</u>	<u>100,000</u>

**SIGURD TOWN**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**Notes Payable:**

On January 21, 1998, the Town issued a Public Safety Revenue Bond in the amount of \$18,680 for the partial financing of a fire engine for the Town. The bond requires payments of \$1,785 per year for 15 years with interest at the rate of 4.875%. Payments began January 21, 1999.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	1,594	191	1,785
2008	1,671	114	1,785
2009	630	61	691
	<u>3,895</u>	<u>366</u>	<u>4,261</u>

In 2003, the Town issued a Note in the amount of \$120,000. The note requires yearly payments with interest at the rate of 4.75%.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	4,803	454	5,257
2008	4,753	226	4,979
	<u>9,556</u>	<u>680</u>	<u>10,236</u>

The following is a summary of total long-term debt to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	15,562	5,189	20,751
2008	15,802	4,671	20,473
2009	10,231	4,169	14,400
2010	9,835	3,874	13,709
2011	10,082	3,627	13,709
2012-2016	54,562	13,984	68,546
2017-2021	63,067	5,646	68,713
2022-2026	26,709	12	26,721
	<u>205,850</u>	<u>41,172</u>	<u>247,022</u>

**SIGURD TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

Long-term debt at June 30, 2006, are comprised of the following individual bonds and notes:

	Date of Issue	Interest Rate	Total Issued	Outstanding June 30, 2005	Current Year Changes		Outstanding June 30, 2006
					Issued	Matured	
<b>Proprietary Fund:</b>							
<b>Bond Issues:</b>							
General Obligation Bonds FHA	1982	5%	30,000	19,014	-	797	18,217
Water Revenue Bonds FHA	1982	5%	120,000	77,349	-	3,167	74,182
Total Bonds Payable			150,000	96,363	-	3,964	92,399
<b>Note Payable:</b>							
Note Payable - Case Credit	2003	4.75%	120,000	14,141	-	4,585	9,556
Total Proprietary Fund			270,000	110,504	-	8,549	101,955
<b>Government Fund:</b>							
<b>Bond Issue:</b>							
MBA Lease Revenue Bonds	2004	0%	100,000	100,000	-	-	100,000
<b>Note Payable:</b>							
Note Payable - FHA	1998	4.88%	18,680	5,415	-	1,520	3,895
Total Governmental Fund			118,680	105,415	-	1,520	103,895
Total Government Wide			388,680	215,919	-	10,069	205,850

**SIGURD TOWN  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 7 - MUNICIPAL BUILDING AUTHORITY**

On January 5, 2005, a resolution was adopted by the Town to authorize and approve the creation of the Municipal Building Authority of Sigurd Town for the purpose of accomplishing the public purposes for which the Town exists by acquiring, improving or extending one or more projects, as defined in the Municipal Building Authority Act of the Utah State Code, and financing their costs of behalf of the Town. The Trustees of the Municipal Building Authority are the Mayor and Town Board. The Municipal Building Authority is treated as a blended component unit of Sigurd Town for reporting purposes.

**NOTE 8 - CLASS "C" ROADS - RESERVED FUND BALANCE**

The following is a schedule of receipts and disbursements in Class "C" Roads:

Balance - Beginning of Year		45,000
Receipts:		
State of Utah	19,308	
Interest	<u>1,692</u>	
Total Receipts		21,000
Disbursements		<u>(15,000)</u>
Balance - End of Year		<u><u>51,000</u></u>

**NOTE 9 - PERPETUAL CARE FUND**

The following is a schedule of receipts and disbursements in the Perpetual Care Fund:

		<u>Perpetual Care</u>
Balance - Beginning of Year		16,872
Receipts:		
Sale of Cemetery Perpetual Care Certificates		2,183
Disbursements		<u>-</u>
Balance - End of Year		<u><u>19,055</u></u>

**SIGURD TOWN  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 10 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains a general liability policy of \$2,000,000 and an automobile policy through St. Paul Fire and Marine Insurance Company. The Town carries a policy with St. Paul for property and casualty in an amount sufficient to cover the assets of the Town. A policy for crime is carried through Old Republic in an amount sufficient to meet State law. The Town does not provide coverage for all risks and hazards, however, the Town has obtained coverage for employee accidental death and dismemberment and workers compensation through other commercial carriers.

Claims have not exceeded coverage in any of the last three fiscal years.



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**REQUIRED SUPPLEMENTARY  
INFORMATION  
"UNAUDITED"**

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**SIGURD TOWN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2005	<u>123,990</u>	<u>123,990</u>	<u>123,990</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
Property Taxes	14,000	14,000	14,183	183
Prior Years Taxes	1,000	1,000	1,346	346
Sales and Use Taxes	36,000	36,000	38,744	2,744
Fee-In-Lieu	3,000	3,000	3,261	261
Franchise Taxes	<u>16</u>	<u>16</u>	<u>-</u>	<u>(16)</u>
Total Taxes	<u>54,016</u>	<u>54,016</u>	<u>57,534</u>	<u>3,518</u>
Licenses and Permits:				
Business Licenses	500	500	410	(90)
Dog Licenses	<u>1,600</u>	<u>1,600</u>	<u>1,688</u>	<u>88</u>
Total Licenses and Permits	<u>2,100</u>	<u>2,100</u>	<u>2,098</u>	<u>(2)</u>
Intergovernmental Revenue:				
Class C Roads	22,300	22,300	19,308	(2,992)
State Liquor Allotment	<u>630</u>	<u>630</u>	<u>761</u>	<u>131</u>
Total Intergovernmental Revenue	<u>22,930</u>	<u>22,930</u>	<u>20,069</u>	<u>(2,861)</u>
Charges for Services:				
Cemetery	600	600	1,228	628
Landfill	<u>11,000</u>	<u>11,000</u>	<u>9,896</u>	<u>(1,104)</u>
Total Charges for Services	<u>11,600</u>	<u>11,600</u>	<u>11,124</u>	<u>(476)</u>
Miscellaneous Revenue:				
Interest	2,930	2,930	3,736	806
Impact Fees	2,552	2,552	750	(1,802)
Rents and Concessions	250	250	225	(25)
Miscellaneous	500	500	305	(195)
Transfer from Surplus	<u>18,862</u>	<u>18,862</u>	<u>-</u>	<u>(18,862)</u>
Total Miscellaneous Revenue	<u>25,094</u>	<u>25,094</u>	<u>5,016</u>	<u>(20,078)</u>
Amounts Available for Appropriation	<u>239,730</u>	<u>239,730</u>	<u>219,831</u>	<u>(19,899)</u>

**SIGURD TOWN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows):				
General Government:				
Administration	39,250	39,250	32,079	7,171
Professional Services	3,500	3,500	3,363	137
Total General Government	42,750	42,750	35,442	7,308
Public Safety:				
Police	630	630	761	(131)
Fire	7,958	7,958	5,309	2,649
Total Public Safety	8,588	8,588	6,070	2,518
Health and Public Welfare:				
Mosquito Abatement	2,000	2,000	1,828	172
Animal Control	60	60	39	21
Total Health and Public Welfare	2,060	2,060	1,867	193
Sanitation	11,000	11,000	9,753	1,247
Streets and Public Improvements:				
Construction and Maintenance	26,443	26,443	10,324	16,119
Street Lights	4,500	4,500	4,676	(176)
Total Streets and Public Improvements	30,943	30,943	15,000	15,943
Parks, Recreation and Public Property:				
Recreation and Beautification	4,399	4,399	3,777	622
Parks and Cemetery	8,000	8,000	1,519	6,481
Total Parks, Recreation and Public Property	12,399	12,399	5,296	7,103
Capital Outlay	8,000	8,000	2,862	5,138
Total Charges to Appropriations	115,740	115,740	76,290	39,450
Budgetary Fund Balance - June 30, 2006	123,990	123,990	143,541	19,551

**SIGURD TOWN  
NOTE A  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION**

**For The Fiscal Year Ended June 30, 2006**

	<u>General Fund</u>
<b>Sources/Inflows and Resources:</b>	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	219,831
<b>Differences - Budget to GAAP:</b>	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(123,990)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>95,841</u></u>
<b>Uses/Outflows of Resources:</b>	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	76,290
<b>Differences - Budget to GAAP:</b>	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>76,290</u></u>